

## **FISCAL NOTE**

### **HB 78 – SB 1501**

February 14, 2007

**SUMMARY OF BILL:** Authorizes compensation to qualified small in-state dealers for their cost of accounting and submitting sales and use tax payments to the Department of Revenue (DOR) up to one-half of one percent (0.5%) of the total tax remitted by such dealer.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$1,738,000 Recurring  
\$90,700 One-Time**

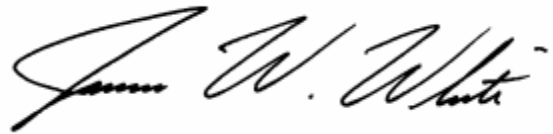
##### Assumptions:

- “Qualified small in-state dealer” is a Tennessee business with annual gross sales totaling \$240,000 or less.
- Application is made to the DOR within 90 calendar days of the close of dealer’s tax year and dealer provides any additional information deemed as necessary by the DOR.
- No compensation shall be made to any dealer who has failed to, or is delinquent in, remitting the necessary sales tax on their annual gross sales.
- According to the DOR, approximately 70,000 dealers qualify under this proposal.
- Average compensation paid to dealers is approximately \$24.25.
- The recurring increase to state expenditures for dealer compensation payments is estimated to be \$1,700,000 (70,000 dealers X \$24.25 average = \$1,697,500).
- One additional Revenue Audit Technician to assist with application approval and for processing refunds to taxpayers.
- The recurring increase to state expenditures for one new position is estimated to be \$38,000 per year.
- Total recurring increase to state expenditures is estimated to be \$1,738,000 per year (\$1,700,000 dealer compensation + \$38,000 for new position = \$1,738,000).

- The one-time increase to state expenditures associated with hiring one new position and computer and software enhancements is estimated to be \$90,700.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director